

PORT SHELDON TOWNSHIP
OTTAWA COUNTY, MICHIGAN
70-1170
AUDIT REPORT

YEAR ENDED MARCH 31, 2004

**De Boer, Baumann
& Company ^{P.L.C.}**
Certified Public Accountants & Consultants

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name Township of Port Sheldon	County Ottawa
Audit Date 3/31/04	Opinion Date 5/20/04	Date Accountant Report Submitted to State: 8/31/04	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Accounting System for Michigan Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

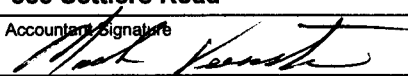
We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- | | |
|---|---|
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements. |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980). |
| <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No | 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act. |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit. |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95). |

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	✓		
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).			✓

Certified Public Accountant (Firm Name) DeBoer, Baumann & Company, PLC			
Street Address 355 Settlers Road	City Holland	State MI	ZIP 49423
Accountant Signature 		Date 8-24-04	

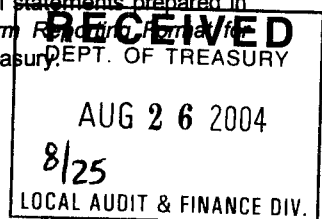


TABLE OF CONTENTS

	PAGE
INDEPENDENT AUDITORS' REPORT	1
REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	2
GENERAL PURPOSE FINANCIAL STATEMENTS	
Combined Balance Sheet - All Fund Types and Account Groups.....	4
Combined Statement of Revenues, Expenditures and Changes in Fund Balance - All Governmental Fund Types.....	6
Combined Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual – General Fund	7
Combined Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual – Special Revenue Fund.....	8
Combined Statement of Revenues, Expense and Changes in Retained Earnings - All Proprietary Fund Types.....	9
Combined Statement of Cash Flows - All Proprietary Fund Types	10
Notes to Financial Statements.....	11
SUPPLEMENTAL INFORMATION	
General Fund	
Statement of Revenues	23
Statement of Expenditures	24
Trust and Agency Fund	
Reconciliation of Current Tax Levy.....	26
Economic Development Corporation	
Balance Sheet	28
Statement of Revenue, Expenditures and Changes in Retained Earnings	29
Schedule of Bonded Indebtness.....	30
Bond Payment Schedule.....	31

INDEPENDENT AUDITORS' REPORT

Port Sheldon Township Ottawa County, Michigan

We have audited the general purpose financial statements of Port Sheldon Township, Ottawa County, Michigan as of March 31, 2004, as contained in the table of contents on the preceding page. These financial statements are the responsibility of the Board of Trustees. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Port Sheldon Township at March 31, 2004, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 20, 2004, on our consideration of Port Sheldon Township, Ottawa County, Michigan's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The supplemental information contained on Page 22 through Page 31 is presented for purposes of additional analysis and is not a required part of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

DE BOER, BAUMANN & COMPANY, P.L.C.

De Boer, Baumann & Company, P.L.C.

Certified Public Accountants
Holland, Michigan
May 20, 2004

**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL
OVER FINANCIAL REPORTING BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

Larry D. Backsman, C.P.A.
Carl H. DeBoer, C.P.A.
William L. Brown, C.P.A.
Steven L. Baumann, C.P.A.
James M. Baumann, C.P.A.
Charles E. Baumann, C.P.A.
George M. Gormley, C.P.A.
Mark W. Veenstra, C.P.A.
Joe Michener, C.P.A.

Member
American Institute of
Certified Public Accountants

Michigan Association of
Certified Public Accountants

**Port Sheldon Township
Ottawa County, Michigan**

We have audited the general purpose financial statements of Port Sheldon Township, Ottawa County, Michigan, as of and for the year ended March 31, 2004, and have issued our report thereon dated May 20, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Port Sheldon Township, Ottawa County, Michigan's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the Port Sheldon Township in a separate letter dated May 20, 2004.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Port Sheldon Township, Ottawa County, Michigan's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to management of Port Sheldon Township in a separate letter dated May 20, 2004.

This report is intended solely for the information and use of the audit committee, management, others within the organization, and the Township Board and is not intended to be and should not be used by anyone other than these specified parties.

DE BOER, BAUMANN & COMPANY, P.L.C.

De Boer, Baumann & Company, P.L.C.

Certified Public Accountants
Holland , Michigan
May 20, 2004

**PORT SHELDON TOWNSHIP
OTTAWA COUNTY, MICHIGAN
COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS
Year Ended March 31, 2004**

	<u>Governmental Fund Types</u>			Proprietary Fund Type Board of Public Works Water Department
	<u>General</u>	<u>Debt Retirement</u>	<u>Special Revenue</u>	
ASSETS				
Cash	\$ 848,465	\$ 16,217	\$ 162,463	\$ 21,279
Certificates of Deposit	-	-	-	-
Taxes Receivable	12,492	-	3,522	-
Accounts Receivable	-	-	-	300
Due from Other Funds	909	-	-	-
Land	-	-	-	-
Land Improvements	-	-	-	-
Buildings	-	-	-	14,818
Accumulated Depreciation	-	-	-	(14,818)
Wells and Pumps	-	-	-	11,855
Accumulated Depreciation	-	-	-	(11,855)
Distribution System	-	-	-	80,999
Accumulated Depreciation	-	-	-	(80,999)
Furniture and Equipment	-	-	-	-
Accumulated Depreciation	-	-	-	-
Automotive Equipment	-	-	-	-
Computer Software	-	-	-	-
Amount Available in Debt Retirement Fund	-	-	-	-
Amount to be Provided for Long-Term Debt	-	-	-	-
TOTAL ASSETS	<u>\$ 861,866</u>	<u>\$ 16,217</u>	<u>\$ 165,985</u>	<u>\$ 21,579</u>
LIABILITIES AND FUND EQUITY				
LIABILITIES				
Accounts Payable	\$ 20,163	\$ -	\$ 1,830	\$ 2,029
Accrued Expenses	5,031	-	-	-
Due to Other Funds	-	-	836	-
Townhall Rental Deposits	-	-	-	-
Special Assessment Deposits	-	-	-	-
Bonds - Street Paving/Private Roads	-	-	-	-
Bonds and Notes Outstanding	-	-	-	-
TOTAL LIABILITIES	<u>25,194</u>	<u>-</u>	<u>2,666</u>	<u>2,029</u>

See accompanying notes to financial statements.

Fiduciary Fund Type Trust and Agency	Account Groups		Totals (Memorandum Only)	Economic Development Corporation	Totals (Memorandum Only)
	General Fixed Assets	General Long-Term Debt			
\$ 23,926	\$ -	\$ -	\$ 1,072,350	\$ 1,247	\$ 1,073,597
-	-	-	-	15,178	15,178
-	-	-	16,014	-	16,014
-	-	-	300	-	300
-	-	-	909	-	909
-	236,443	-	236,443	-	236,443
-	1,526,648	-	1,526,648	-	1,526,648
-	1,584,925	-	1,599,743	-	1,599,743
-	-	-	(14,818)	-	(14,818)
-	-	-	11,855	-	11,855
-	-	-	(11,855)	-	(11,855)
-	-	-	80,999	-	80,999
-	-	-	(80,999)	-	(80,999)
-	328,720	-	328,720	100	328,820
-	-	-	-	(100)	(100)
-	665,891	-	665,891	-	665,891
-	1,050	-	1,050	-	1,050
-	-	16,217	16,217	-	16,217
-	-	1,083,783	1,083,783	-	1,083,783
<u>\$ 23,926</u>	<u>\$ 4,343,677</u>	<u>\$ 1,100,000</u>	<u>\$ 6,533,250</u>	<u>\$ 16,425</u>	<u>\$ 6,549,675</u>
\$ -	\$ -	\$ -	\$ 24,022	\$ -	\$ 24,022
-	-	-	5,031	-	5,031
73	-	-	909	-	909
1,015	-	-	1,015	-	1,015
8,128	-	-	8,128	-	8,128
14,710	-	-	14,710	-	14,710
-	-	1,100,000	1,100,000	-	1,100,000
<u>23,926</u>	<u>-</u>	<u>1,100,000</u>	<u>1,153,815</u>	<u>-</u>	<u>1,153,815</u>

**PORT SHELTON TOWNSHIP
OTTAWA COUNTY, MICHIGAN**
COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS (CONTINUED)
Year Ended March 31, 2004

	Governmental Fund Types			Proprietary Fund Type Board of Public Works Water Department
	<u>General</u>	<u>Debt Retirement</u>	<u>Special Revenue</u>	
FUND EQUITY				
Contributed Capital (Net of Accumulated Depreciation)	\$ -	\$ -	\$ -	\$ -
Investment in General Fixed Assets	-	-	-	-
Retained Earnings	-	-	-	19,550
Fund Balance				
Unreserved	836,672	-	163,319	-
Designated for Debt Retirement	-	16,217	-	-
Board Designated - Future Capital Outlay	-	-	-	-
TOTAL FUND EQUITY	<u>836,672</u>	<u>16,217</u>	<u>163,319</u>	<u>19,550</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 861,866</u>	<u>\$ 16,217</u>	<u>\$ 165,985</u>	<u>\$ 21,579</u>

See accompanying notes to financial statements.

Fiduciary Fund Type Trust and <u>Agency</u>	<u>Account Groups</u>		Totals (Memorandum Only)	Economic Development Corporation	Totals (Memorandum Only)
	<u>General Fixed Assets</u>	<u>General Long-Term Debt</u>			
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	4,343,677	-	4,343,677	-	4,343,677
-	-	-	19,550	16,425	35,975
-	-	-	999,991	-	999,991
-	-	-	16,217	-	16,217
-	-	-	-	-	-
-	<u>4,343,677</u>	-	<u>5,379,435</u>	<u>16,425</u>	<u>5,395,860</u>
<u>\$ 23,926</u>	<u>\$ 4,343,677</u>	<u>\$ 1,100,000</u>	<u>\$ 6,533,250</u>	<u>\$ 16,425</u>	<u>\$ 6,549,675</u>

**PORT SHELTON TOWNSHIP
OTTAWA COUNTY, MICHIGAN
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
ALL GOVERNMENTAL FUND TYPES
Year Ended March 31, 2004**

	<u>Governmental Fund Types</u>			
	<u>General</u>	<u>Debt Retirement</u>	<u>Special Revenue</u>	<u>Total</u>
REVENUES				
Taxes	\$ 451,766	\$ -	\$ 156,036	\$ 607,802
Special Assessments	-	52,037	-	52,037
Penalties and Excess of Roll	1,200	-	-	1,200
Revenues - State Collected - Locally Shared	302,204	-	-	302,204
Licenses and Permits	67,456	-	-	67,456
Charges for Services	20,756	-	-	20,756
Interest and Rentals	16,315	54	1,871	18,240
Cable Franchise Fees	20,579	-	-	20,579
Miscellaneous	10,916	-	12,714	23,630
Total Revenues	<u>891,192</u>	<u>52,091</u>	<u>170,621</u>	<u>1,113,904</u>
OTHER FINANCING SOURCES				
Transfers from General Fund	-	40,087	-	40,087
Proceeds from Sale of Land	70,000	-	-	70,000
Total Other Financing Sources	<u>70,000</u>	<u>40,087</u>	<u>-</u>	<u>110,087</u>
TOTAL REVENUES AND OTHER FINANCING SOURCES	<u>961,192</u>	<u>92,178</u>	<u>170,621</u>	<u>1,223,991</u>
EXPENDITURES				
Salaries	98,285	-	-	98,285
Assessing	32,820	-	-	32,820
General	165,195	-	-	165,195
Townhall	36,954	-	-	36,954
Cemetery	109,579	-	-	109,579
Constable/Fire	1,706	-	227,110	228,816
Zoning	101,501	-	-	101,501
Road & Hydrants	30,982	-	-	30,982
Parks & Recreation	63,195	-	-	63,195
Insurance/Bonds/Miscellaneous	22,091	-	-	22,091
Principal Payments on Bonds	-	35,000	-	35,000
Interest on Bonded Debt	-	48,113	-	48,113
Paying Agent Fees and Other	-	425	-	425
Total Expenditures	<u>662,308</u>	<u>83,538</u>	<u>227,110</u>	<u>972,956</u>
OTHER FINANCING USES				
Transfers to Debt Retirement Fund	40,087	-	-	40,087
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>702,395</u>	<u>83,538</u>	<u>227,110</u>	<u>1,013,043</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	258,797	8,640	(56,489)	210,948
FUND BALANCE - APRIL 1, 2003	<u>577,875</u>	<u>7,577</u>	<u>219,808</u>	<u>805,260</u>
FUND BALANCE - MARCH 31, 2004	<u>\$ 836,672</u>	<u>\$ 16,217</u>	<u>\$ 163,319</u>	<u>\$ 1,016,208</u>

See accompanying notes to financial statements.

**PORT SHELDON TOWNSHIP
OTTAWA COUNTY, MICHIGAN
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
Year Ended March 31, 2004**

	General Fund		Variance - Favorable (Unfavorable)
	<u>Budget</u>	<u>Actual</u>	
REVENUES			
Property Taxes	\$ 427,595	\$ 451,766	\$ 24,171
Other Income	<u>426,974</u>	<u>439,426</u>	<u>12,452</u>
Total Revenues	<u>854,569</u>	<u>891,192</u>	<u>36,623</u>
OTHER FINANCING SOURCES			
Proceeds from Sale of Land	<u>70,000</u>	<u>70,000</u>	<u>-</u>
TOTAL REVENUES AND OTHER FINANCING SOURCES	<u>924,569</u>	<u>961,192</u>	<u>36,623</u>
EXPENDITURES			
Salaries	107,314	98,285	9,029
Assessing	31,950	32,820	(870)
General	169,639	165,195	4,444
Townhall	40,980	36,954	4,026
Cemetery	121,000	109,579	11,421
Constable	1,899	1,706	193
Zoning	109,266	101,501	7,765
Road & Hydrants	278,682	30,982	247,700
Parks & Recreation	70,239	63,195	7,044
Insurance/Bonds/Miscellaneous	61,500	22,091	39,409
Contingency	<u>43,000</u>	<u>-</u>	<u>43,000</u>
Total Expenditures	<u>1,035,469</u>	<u>662,308</u>	<u>373,161</u>
OTHER FINANCING USES			
Transfers to Debt Retirement Fund	<u>55,000</u>	<u>40,087</u>	<u>14,913</u>
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>1,090,469</u>	<u>702,395</u>	<u>388,074</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(165,900)	258,797	424,697
FUND BALANCE - APRIL 1, 2003	<u>577,875</u>	<u>577,875</u>	<u>-</u>
FUND BALANCE - MARCH 31, 2004	<u>\$ 411,975</u>	<u>\$ 836,672</u>	<u>\$ 424,697</u>

See accompanying notes to financial statements.

**PORT SHELTON TOWNSHIP
OTTAWA COUNTY, MICHIGAN
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
SPECIAL REVENUE FUND
Year Ended March 31, 2004**

	Special Revenue Fund		
	<u>Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
REVENUES			
Property Taxes	\$ 153,573	\$ 156,036	\$ 2,463
Delinquent Personal Tax	-	-	-
Other Income	11,900	14,585	2,685
TOTAL REVENUES	<u>165,473</u>	<u>170,621</u>	<u>5,148</u>
EXPENDITURES			
Salaries	70,000	68,233	1,767
Custodian	3,605	3,605	-
Training	2,000	2,200	(200)
FICA	5,630	5,507	123
Physicals	1,000	-	1,000
Supplies	2,000	1,256	744
Medical Supplies	1,500	754	746
Custodian Supplies	850	392	458
Office Supplies	350	273	77
Uniforms	3,000	496	2,504
Conference/Dues	800	715	85
Computer Services	200	-	200
Audit	1,500	1,356	144
Telephone	2,600	1,959	641
Vehicle Maintenance & Repair	5,000	3,931	1,069
Fuel	1,600	1,363	237
Workers Comp	6,500	5,565	935
Utilities	7,000	7,197	(197)
Building Maintenance	5,000	1,637	3,363
Snowplowing/Lawn care	4,500	4,414	86
Equipment Maintenance	3,200	3,460	(260)
Petty Cash	500	372	128
Fire Prevention	1,200	1,187	13
Contingency	2,000	-	2,000
Capital Outlay	95,890	102,461	(6,571)
Equipment Purchase	9,135	8,777	358
TOTAL EXPENDITURES	<u>236,560</u>	<u>227,110</u>	<u>9,450</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(71,087)	(56,489)	14,598
FUND BALANCE - APRIL 1, 2003	<u>219,808</u>	<u>219,808</u>	<u>-</u>
FUND BALANCE - MARCH 31, 2004	<u>\$ 148,721</u>	<u>\$ 163,319</u>	<u>\$ 14,598</u>

See accompanying notes to financial statements.

**PORT SHELDON TOWNSHIP
OTTAWA COUNTY, MICHIGAN
COMBINED STATEMENT OF REVENUES, EXPENSE AND
CHANGES IN RETAINED EARNINGS - ALL PROPRIETARY FUND TYPES
Year Ended March 31, 2004**

**Board of
Public Works
Water Department**

REVENUES

Operating Revenue	
Sales to Customers	\$ 8,600
Hook Up Fees	900
Total Operating Revenues	<u>9,500</u>

Nonoperating Revenue	
Interest Income	<u>160</u>

TOTAL REVENUES	<u>9,660</u>
-----------------------	--------------

EXPENSE

Operating Expense	
Salaries and Wages	3,732
Professional Services	1,967
Tools and Supplies	105
Utilities	2,657
Repairs and Maintenance	3,615
Payroll Taxes	285
Depreciation	4,301
Miscellaneous	2,449
Total Operating Expense	<u>19,111</u>

NET INCOME (LOSS)	(9,451)
--------------------------	---------

DEPRECIATION ON FIXED ASSETS ACQUIRED BY CONTRIBUTED CAPITAL	<u>4,301</u>
---	--------------

INCREASE (DECREASE) IN RETAINED EARNINGS	(5,150)
---	---------

RETAINED EARNINGS - APRIL 1, 2003	<u>24,700</u>
--	---------------

RETAINED EARNINGS - MARCH 31, 2004	<u>\$ 19,550</u>
---	------------------

See accompanying notes to financial statements.

**PORT SHELDON TOWNSHIP
OTTAWA COUNTY, MICHIGAN
COMBINED STATEMENT OF CASH FLOWS -
ALL PROPRIETARY FUND TYPES
Year Ended March 31, 2004**

**Board of
Public Works
Water Department**

CASH FLOWS FROM OPERATING ACTIVITIES

Net income (loss)	\$ (9,451)
Adjustments to reconcile net income (loss) to net cash flows provided by operating activities	
Depreciation	4,301
Changes in working capital items	
Accounts receivable	(100)
Accounts payable	2,029
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>(3,221)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

-

CASH FLOWS FROM FINANCING ACTIVITIES

-

NET INCREASE (DECREASE) IN CASH

(3,221)

CASH AT BEGINNING OF YEAR

24,500

CASH AT END OF YEAR

\$ 21,279

CASH PAID DURING THE YEAR

Income taxes

\$ -

Interest

-

See accompanying notes to financial statements.

**PORT SHELDON TOWNSHIP
OTTAWA COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
March 31, 2004**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Port Sheldon Township include those of separately administered organizations that are controlled by or dependent on the Township. Control or dependence is determined on the basis of budget adoption, taxing authority, funding and appointment of the respective governing board.

Based on the foregoing criteria, the financial statements of the Port Sheldon Economic Development Corporation are included in the accompanying financial statements.

The financial statements of Port Sheldon Township have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The government's significant accounting policies are described below.

A: REPORTING ENTITY

Port Sheldon Township is the lowest level of government which has oversight responsibility and control over property tax collection, public safety, public works, and culture and recreation for taxpayers within township boundaries. The township is not included in any other governmental "reporting entity" as defined in NCGA Statement 3 since board members are elected by the public, have decision-making authority, the power to designate management, the ability to significantly influence operations, and primary accountability for fiscal matters.

B: FUND ACCOUNTING

The Township uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain functions or activities. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

A fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities and are not recorded in the funds because they do not directly affect net expendable available financial resources.

Funds are classified into three categories: governmental, proprietary and fiduciary.

**PORT SHELDON TOWNSHIP
OTTAWA COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
March 31, 2004**

B: FUND ACCOUNTING (CONTINUED)

Included in the financial statements are:

Governmental Funds:

General Fund - The General Fund records all revenues and expenditures relating to the general operations of Port Sheldon Township.

Special Revenue Fund - The Special Revenue Fund is used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. This fund is used to account for the special fire department tax levy.

Debt Retirement Fund - Accounts for receipt of funds and payment of interest, principal, and other expenses on long-term bonded debt.

Proprietary Funds:

Proprietary Funds are used to account for the Township's ongoing activities which are similar to those in private business. The measurement focus is upon determination of net income, financial position, and changes in financial position. The operations of the Township's Board of Public Works Water Department are accounted for in the proprietary fund.

Fiduciary Fund Types:

Trust and Agency Fund - Account for assets held by the Township in a trustee capacity or as an agent for individuals, private organizations, other governmental units and other funds. Trust and Agency Funds include property tax collections, townhall rental deposits, bonds for street paving and private roads, and special assessment deposits.

Account Groups:

General Fixed Assets Group - Accounts for fixed assets owned by the Township.

General Long-Term Debt Group - Accounts for the total long-term debt of the Township.

**PORT SHELDON TOWNSHIP
OTTAWA COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
March 31, 2004**

C: BASIS OF ACCOUNTING

Basis of accounting refers to when revenue and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of applied accounting relates to the timing of the measurements made, regardless of the measurement focus applied. All governmental funds and agency funds are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues and other governmental fund financial resources are recognized in the accounting period in which they become susceptible to accrual (i.e., when they become both measurable and available to financial expenditure for the fiscal period). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For the Township, available means expected to be received within sixty days of the fiscal year-end.

Expenditures are generally recognized when the fund liability is incurred. The exception to this general rule is that principal and interest on general long-term debt is recognized when due.

All proprietary funds are accounted for using the accrual basis of accounting. Their revenue is recognized when it is earned, and their expense is recognized when it is incurred.

D: USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect reported amounts of assets and liabilities at the date of the financial statements and reported amounts of revenues and expenditures during the reported period. Actual results could differ from the estimates.

E: LEGAL AND BUDGETARY REQUIREMENTS

The Michigan Uniform Budgeting and Accounting Act requires the establishment of the General Fund and the Special Revenue Fund, each with an annual budget adopted by the Township Board at the beginning of the fiscal year. The budgets are adopted on the modified accrual basis which is consistent with generally accepted accounting principles.

State law requires operation under a balanced budget and budgetary control to the functional, activity or line item level as defined in the Uniform Budgeting and Accounting Act. The budget figures in the accompanying financial statements have been reported on a functional basis and reflect approved amendments during the year.

**PORT SHELDON TOWNSHIP
OTTAWA COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
March 31, 2004**

E: LEGAL AND BUDGETARY REQUIREMENTS (CONTINUED)

The budget is prepared and controlled by the Township Clerk and is approved by the Township Board. The Township uses the following procedures in establishing the budgetary data reflected in the financial statements.

- a. Beginning in February, the Township Clerk works with the Township Supervisor to establish a proposed operating budget for the fiscal year commencing the following April 1.
- b. Prior to March 31, and after a public hearing the Township Board adopts a preliminary appropriation budget to comply with the Michigan Uniform Budgeting and Accounting Act.
- c. Budgets for the General Fund and Special Revenue Fund are adopted on a basis consistent with generally accepted accounting principles. Budgeted amounts are as originally adopted or as amended by the Township Board.

Once a budget is approved, it can be amended at the Functional and Fund Level only by approval of a majority of the members of the Township Board. Amendments are presented to the Township Board at their regular meetings. Each amendment must have Board approval. Such amendments are made before the fact, and are not made after the fiscal year end, as dictated by law. Any amendments are documented in the Township minutes. The final amended budget for the General Fund and Special Revenue Fund was approved March 11, 2004.

F: PROPERTY, PLANT AND EQUIPMENT - PROPRIETARY FUND - BOARD OF PUBLIC WORKS WATER DEPARTMENT

A substantial portion of property, plant and equipment was donated by subdivision developers. For balance sheet purposes, property, plant and equipment is presented at cost to the department, plus costs to the subdivision developer on that portion donated by them. Depreciation is being computed by the straight-line method over the useful life of the assets. Depreciation on property, plant and equipment acquired from the subdivision developer is charged against contributed capital. Depreciation expense for the years ended March 31, 2004 and March 31, 2003 was \$ 4,301 and \$ 4,301, respectively.

**PORT SHELDON TOWNSHIP
OTTAWA COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
March 31, 2004**

G: THE GENERAL FIXED ASSET GROUP OF ACCOUNTS

The General Fixed Assets Account Group is used to account for fixed assets used in governmental fund type operations. No depreciation is recorded on general fixed assets.

The Township does not capitalize public domain general fixed assets (infrastructure) and, accordingly, no such assets are recorded in the General Fixed Assets Account Group. Infrastructure consists of certain improvements other than buildings, including roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems. Such assets are normally unmovable and are of value only to the Township. Therefore, the responsibility for stewardship for capital expenditures is satisfied without recording these assets.

Fixed Assets are Recorded as Follows:

1. Land is presented at nominal value at July 26, 1977 plus actual expenditures since that date.
2. Buildings are presented at insurance values at July 26, 1977 plus actual expenditures since that date.
3. Furniture and equipment are presented at insurance values at July 26, 1977 plus actual expenditures since that date.
4. Automotive equipment consists of various fire fighting vehicles and is presented at actual cost.

H: UNEMPLOYMENT TAXES

The Township has elected the reimbursement method for the payment of Michigan Unemployment Taxes. The amount of reimbursement which the Township may have to pay is indeterminable at the balance sheet date, and accordingly, no provision is included in the financial statements. It is not anticipated that any payment would have a material effect upon the financial statements.

**PORT SHELDON TOWNSHIP
OTTAWA COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
March 31, 2004**

I: TOTAL COLUMNS ON THE COMBINED STATEMENTS

Total columns - Overview are captioned **Memorandum Only** to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

J: COMPENSATED ABSENCES

It is the Township's policy not to accrue a liability for compensated absences. The amount of paid absences which ultimately may be paid by the Township is undeterminable at the balance sheet date and accordingly no provision is included in the financial statements. It is not anticipated that any payment would have a material effect upon the financial statements.

K: SHORT-TERM INTERFUND RECEIVABLES/PAYABLES

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet.

L: CASH EQUIVALENTS

For purposes of the Statement of Cash Flow, the Company considers all short-term investments with an original maturity of three months or less to be cash equivalents. The carrying amounts approximate fair value.

NOTE 2: CASH & INVESTMENTS

Public Act 217 of 1982 authorizes the unit of government to deposit in the accounts of federally insured banks, insured credit unions, and savings and loan associations of the United States or commercial paper of certain investment quality. Michigan law prohibits securities in the form of collateral, surety bond or other forms for the deposit of public money.

**PORT SHELDON TOWNSHIP
OTTAWA COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
March 31, 2004**

NOTE 2: CASH & INVESTMENTS (CONTINUED)

The Township invests funds periodically in insured savings accounts and certificates of deposit which are insured up to \$ 100,000 per institution by FDIC. The cash included on the balance sheet at March 31, 2004 is comprised of the following:

<u>Governmental Fund Type</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Totals Per Financial Statements</u>	<u>Bank/ Investment Balance</u>
Checking Account - Macatawa Bank	Demand	Variable	\$ 361,117	\$ 15,344
Cash Management Account - Paragon Bank	Demand	Variable	316,469	316,469
Cash Management Account - Huntington Bank	Demand	Variable	170,879	70,879
Checking Account - Macatawa Bank	Demand	Variable	16,217	75,486
Checking Account - Macatawa Bank	Demand	Variable	-	600,130
Checking Account - Macatawa Bank	Demand	Variable	162,463	38,506
Totals			<u>\$1,027,145</u>	<u>\$1,116,814</u>
<u>Proprietary Fund Type</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Totals Per Financial Statements</u>	<u>Bank/ Investment Balance</u>
Checking Account - Macatawa Bank	Demand	Variable	<u>\$ 21,279</u>	<u>\$ 21,279</u>
<u>Fiduciary Fund Type</u>				
Checking Account - Macatawa Bank	Demand	Variable	\$ 15,725	\$ 15,983
Checking Account - Macatawa Bank	Demand	Variable	8,201	8,201
Totals			<u>\$ 23,926</u>	<u>\$ 24,184</u>

In addition to the above, the Economic Development Corporation holds the following:

	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Totals Per Financial Statements</u>	<u>Bank/ Investment Balance</u>
Savings Account - Macatawa Bank	Demand	Variable	\$ 1,247	\$ 1,247
Certificate of Deposit - Macatawa Bank	05/19/04	2.97%	15,178	15,178
Total			<u>\$ 16,425</u>	<u>\$ 16,425</u>

**PORT SHELDON TOWNSHIP
OTTAWA COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
March 31, 2004**

NOTE 3: CONCENTRATION OF CREDIT RISK

Financial instruments that potentially subject Port Sheldon Township to concentrations of credit risk consist principally of temporary cash investments. Temporary cash investments with financial institutions may at times exceed the amount insured by the Federal Deposit Insurance Corporation.

Port Sheldon Township maintains its cash balances and investments in three financial institutions located in Holland, Michigan. The balances are insured by the Federal Deposit Insurance Corporation as explained in Note 2. At March 31, 2004, Port Sheldon Township's uninsured cash balance totaled \$ 907,823. This amount represents the actual cash balance per the bank statements at March 31, 2004 and does not include deposits in transit or outstanding checks.

NOTE 4: PROPERTY, PLANT AND EQUIPMENT - PROPRIETARY FUND - BOARD OF PUBLIC WORKS WATER DEPARTMENT

Balances and estimated useful lives of the assets are as follows at March 31, 2004:

<u>Asset</u>	<u>Life</u>	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>
Building	10-25 Years	\$ 14,818	\$ 14,818	\$ -
Wells and Pumps	25 Years	11,855	11,855	-
Distribution System	25 Years	80,999	80,999	-
Totals		<u>\$ 107,672</u>	<u>\$ 107,672</u>	<u>\$ -</u>

NOTE 5: CHANGES IN GENERAL FIXED ASSETS ARE AS FOLLOWS:

	<u>Balance April 1, 2003</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance March 31, 2004</u>
Land	\$ 276,159	\$ 1,000	\$ 40,716	\$ 236,443
Land Improvements	1,407,660	118,988	-	1,526,648
Buildings	1,578,209	6,716	-	1,584,925
Furniture and Equipment	317,452	11,268	-	328,720
Automotive Equipment	563,430	102,451	-	665,881
Computer Software	1,050	-	-	1,050
Totals	<u>\$ 4,143,960</u>	<u>\$ 240,423</u>	<u>\$ 40,716</u>	<u>\$ 4,343,667</u>

**PORT SHELDON TOWNSHIP
OTTAWA COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
March 31, 2004**

NOTE 6: PROPERTY TAXES

Taxes are levied on December 31 and payable in two installments on February 14 and September 14. The Township bills and collects its own property taxes and also the Michigan State Education tax, taxes for Ottawa County, Ottawa Area Intermediate School District, Grand Haven Public Schools, West Ottawa Public Schools, and Loutit District Library. Collections of the taxes and remittance of them are accounted for in the Current Tax Collection Fund. Property tax revenue is recognized when levied to the extent that they result in current receivables.

NOTE 7: RETIREMENT PLAN

The Township has a defined contribution money purchase pension plan covering elected officials, the zoning administrator, and the township secretary. Effective date of the plan was January 1, 1984. Eligibility requirements are 18 years of age with zero years of service. Normal retirement age is 65 and early retirement at age 55. Benefits depend upon amount accumulated in the plan at termination date. Vesting is 100% at the time of contribution. The township is obligated to contribute 15% of the eligible employees' wages to the plan each year.

The plan is the Port Sheldon Township Pension Plan. Current calendar year covered payroll is \$ 140,843 for year ended December 31, 2003. Employee contributions are \$ 0. The total contribution for the year ended March 31, 2004 was \$ 22,699.

NOTE 8: ECONOMIC DEPENDENCY

During the years ended March 31, 2004 and 2003 the Township received approximately 66% and 67%, respectively, of its general property taxes from one taxpayer.

NOTE 9: RISK MANAGEMENT

The Township is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The Township carries commercial insurance for the above mentioned types of risks of loss including general, property damage, employee health and accident insurance, and workers' compensation. Settled claims have not exceeded the commercial coverage in any of the past three years.

**PORT SHELDON TOWNSHIP
OTTAWA COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
March 31, 2004**

NOTE 10: GENERAL LONG-TERM DEBT

General long-term debt consists of the following:

Bonds Payable	\$ <u>1,100,000</u>
---------------	---------------------

Bonds Payable at March 31, 2004, are comprised of the following individual issues:

\$ 1,150,000 – 2002 Ottawa County Sewage Disposal Bonds consisting of bonds due in installments of \$ 35,000 to \$ 90,000 in the years 2004 through 2022 with interest of 3.00% to 5.00%.	\$ <u>1,100,000</u>
--	---------------------

Maturities on Bonds Payable are as follows:

2005	\$ -
2006	40,000
2007	40,000
2008	40,000
2009-2013	245,000
2014-2018	315,000
2019-2023	420,000

Interest expense on bonded debt for the year ended March 31, 2004 was \$ 48,113.

The following is a summary of changes in long-term debt for the year ended March 31, 2004:

2002 Sewage Bonds

Balance – April 1, 2003	\$ 1,135,000
Bonds Issued	-
Bond Payments	<u>35,000</u>
Balance – March 31, 2004	\$ <u>1,100,000</u>

The bonds have been issued in the name of Ottawa County, however, the payments are the responsibility of both Port Sheldon Township and a local developer based on contractual agreement. Payments made to Ottawa County for the year ended March 31, 2004 were \$ 83,113; Township payments, \$ 39,848, developer payments, \$ 43,265.

**PORT SHELDON TOWNSHIP
OTTAWA COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
March 31, 2004**

NOTE 11: INTERFUND RECEIVABLES AND PAYABLES

DUE FROM OTHER FUNDS

General Fund due from Special Revenue Funds	\$ 836
General Fund due from Trust & Agency Funds	<u>73</u>
Totals	<u>\$ 909</u>

DUE TO OTHER FUNDS

Special Revenue Funds due to General Fund	\$ 836
Trust & Agency Funds due to General fund	<u>73</u>
Totals	<u>\$ 909</u>

NOTE 12: RELATED PARTY

A portion of the property purchased for the sewer project was sold for \$ 70,000 to a related party, a member of the Port Sheldon Township Board. The sale was conducted using a sealed bid process. These sealed bids were received from the general public as well as the related party and submitted to the township clerk. The bids were opened at a public meeting. The related party abstained from any decisions regarding this transaction. The bid was awarded to the highest bidder. The next closest bid was \$55,000.

NOTE 13: SPECIAL ASSESSMENT DEPOSITS

The Township acts as a collection agent for payments from Ottawa Corners, LLC to Ottawa County for the treatment plant project. In addition, the Township collects trunkage fees as lots are sold and holds these amounts for payments due to the county in the future. These special assessments are remitted to the County as directed by the LLC.

SUPPLEMENTAL INFORMATION

**PORT SHELDON TOWNSHIP
OTTAWA COUNTY, MICHIGAN
STATEMENT OF REVENUES - GENERAL FUND
Year Ended March 31, 2004**

Property Taxes	\$ 451,766
Penalties and Interest	1,200
Excess (Shortage) of Roll	-
Revenue - State Collected - Locally Shared	302,204
Licenses and Permits	
Private Road, Building, Plumbing, Electrical, Mechanical, Soil/Water, Sand Removal and Sand Dune Permits	65,470
Liquor Licenses	1,986
Charges for Services	
Appeals Board Hearings	6,025
Site Plan Review	1,250
Special Use Hearings	2,450
Zoning Change Hearings	2,000
School Tax Collection Fees	9,031
Interest on Investments	13,000
Townhall Rentals	3,315
Cable Franchise Fees	20,579
Ordinance Books	385
Miscellaneous	<u>10,531</u>
TOTAL REVENUES	<u>\$ 891,192</u>

**PORT SHELDON TOWNSHIP
OTTAWA COUNTY, MICHIGAN
STATEMENT OF EXPENDITURES - GENERAL FUND
Year Ended March 31, 2004**

SALARIES

Supervisor	\$	41,073	
Clerk		25,534	
Treasurer		26,867	
Elections		-	
Township Board		3,956	
Board of Review		<u>855</u>	
	\$		98,285

ASSESSING

Salaries and Wages	22,800	
Consumers Contract	10,000	
Supplies	-	
Dues, Subscriptions and Seminars	<u>20</u>	32,820

GENERAL

Office Staff	14,258	
Professional Services	11,623	
Contract Services	251	
Pension Costs	22,834	
Mileage and Expenses	3,801	
Refuse Removal	52,253	
Printing and Publishing	13,482	
Office Supplies and Expense	18,106	
Repairs and Maintenance	722	
Dues, Subscriptions and Seminars	9,635	
Payroll Taxes	8,712	
Capital Outlay	8,927	
Miscellaneous	<u>591</u>	165,195

TOWNHALL

Custodian	9,270	
Contracted Services	1,100	
Telephone	5,506	
Supplies	2,303	
Repairs and Maintenance	1,881	
Capital Outlay	6,715	
Utilities	7,524	
Payroll Taxes	709	
Snowplowing	<u>1,946</u>	36,954

CEMETERY

Capital Outlay	107,313	
Repairs and Maintenance	1,991	
Utilities	240	
Wages	<u>35</u>	109,579

**PORT SHELDON TOWNSHIP
OTTAWA COUNTY, MICHIGAN
STATEMENT OF EXPENDITURES - GENERAL FUND (CONTINUED)
Year Ended March 31, 2004**

CONSTABLE

Salaries and Wages	\$	1,584	
Payroll Taxes		<u>122</u>	
	\$		1,706

ZONING

Salaries and Wages	59,529		
Dues and Memberships	681		
Extra Inspections	300		
Attorney Fees	22,583		
Consultants	11,156		
Mileage and Expenses	3,557		
Supplies	557		
Payroll Taxes	<u>3,138</u>		101,501

JOINT UTILITIES

-

ROADS & HYDRANTS

Road Maintenance	4,491		
Bike Path Maintenance	4,270		
Street Lighting	10,546		
Capital Outlay	11,675		
Drains at Large	<u>-</u>		30,982

PARKS & RECREATION

Salaries and Wages	35,197		
Utilities	270		
Repairs and Maintenance	13,388		
Supplies	2,062		
Summerfest	2,549		
Contributions	4,650		
Payroll Taxes	726		
Miscellaneous	1,011		
Capital Outlay	<u>3,342</u>		63,195

INSURANCE/BONDS/MISC

Insurance & Bonds			22,091
-------------------	--	--	--------

TRANSFERS TO OTHER FUNDS

40,087

CONTINGENCY

-

TOTAL EXPENDITURES

	\$	<u>702,395</u>	
--	----	----------------	--

**PORT SHELDON TOWNSHIP
OTTAWA COUNTY, MICHIGAN
TRUST AND AGENCY FUND - CURRENT TAX COLLECTION FUND
RECONCILIATION OF CURRENT TAX LEVY
Year Ended March 31, 2004**

TAX LEVY	\$ 14,566,533
-----------------	---------------

RETURNED DELINQUENT TO COUNTY TREASURER	<u>216,335</u>
--	----------------

TAXES COLLECTED	14,350,198
------------------------	------------

OTHER RECEIPTS

Dog Licenses	\$	2,526	
Interest and Penalties		4,920	
Delinquent Taxes		1,579	
Mobile Home Park Fees		9,366	
Special Assessment - Ottawa Corners, LLC		39,804	
Special Assessment - Debt Retirement Fund		43,265	
Overpayments		<u>8,783</u>	
Total Receipts			<u>110,243</u> <u>14,460,441</u>

DISBURSEMENTS

School Taxes Paid To:

Grand Haven Public Schools			
Current	\$ 6,083,589		
Interest and Penalties	589		
Delinquent Taxes	<u>755</u>		6,084,933

West Ottawa Public Schools			
Current	1,437,832		
Interest and Penalties	1,629		
Delinquent Taxes	<u>562</u>		1,440,023

County Taxes Paid To:

Ottawa County Treasurer			
Current	1,825,311		
Interest and Penalties	1		
Delinquent Taxes	138		
Dog Licenses	2,526		
Sewer Assessment-Ottawa Corners, LLC	39,804		
Mobile Home Park Fees	<u>7,805</u>		1,875,585

**PORT SHELDON TOWNSHIP
OTTAWA COUNTY, MICHIGAN
TRUST AND AGENCY FUND - CURRENT TAX COLLECTION FUND
RECONCILIATION OF CURRENT TAX LEVY (CONTINUED)
Year Ended March 31, 2004**

Intermediate School District			
Current	\$ 1,877,811		
Interest and Penalties	1,131		
Delinquent Taxes	<u>95</u>	\$ 1,879,037	
State Education Fund			
Current	2,219,381		
Interest and Penalties	1,337		
Delinquent Taxes	<u>-</u>	2,220,718	
Township Taxes Transferred To:			
General Fund			
Current	438,768		
Interest and Penalties	-		
Delinquent Taxes	30		
Mobile Home Park Fees	<u>1,561</u>	440,359	
Debt Retirement Fund			
Ottawa County Debt Retirement		43,265	
Fire Special Revenue Fund			
Current	152,514		
Interest and Penalties	-		
Delinquent Taxes	<u>-</u>	152,514	
Loutit Library Fund			
Current	315,099		
Interest and Penalties	125		
Delinquent Taxes	<u>-</u>	315,224	
Refunds		<u>8,783</u>	<u>\$ 14,460,441</u>
BALANCE - MARCH 31, 2004			<u>\$ -</u>

**ECONOMIC DEVELOPMENT CORPORATION
TOWNSHIP OF PORT SHELDON
BALANCE SHEET
Year Ended March 31, 2004**

ASSETS

Cash	\$ 1,247
Certificates of Deposit	15,178
Office Furniture and Equipment	100
Less: Accumulated Depreciation	<u>(100)</u>
TOTAL ASSETS	<u>\$ 16,425</u>

FUND EQUITY

Retained Earnings	<u>\$ 16,425</u>
-------------------	-------------------------

**ECONOMIC DEVELOPMENT CORPORATION
TOWNSHIP OF PORT SHELDON
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN RETAINED EARNINGS
Year Ended March 31, 2004**

OPERATING REVENUE

Interest	\$ <u>456</u>
----------	---------------

OPERATING EXPENDITURES

Director's Fees	300
Miscellaneous Expense	<u>45</u>
Total Operating Expenditures	<u><u>345</u></u>

OPERATING INCOME	111
-------------------------	-----

RETAINED EARNINGS - APRIL 1, 2003	<u>16,314</u>
--	---------------

RETAINED EARNINGS - MARCH 31, 2004	<u><u>\$ 16,425</u></u>
---	-------------------------

**PORT SHELDON TOWNSHIP
OTTAWA COUNTY, MICHIGAN**
Schedule of Bonded Indebtedness
2002 Sewage Disposal Bonds
Year Ended March 31, 2004

Bond Principal

<u>Due Date</u>	<u>Interest Rate</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Interest Due</u>	<u>Totals</u>
5/1/2003	3.00%	\$ 15,000	\$ 15,000	\$ 44,516	\$ 57,516
5/1/2004	3.00%	35,000	35,000	48,112	83,112
5/1/2005	3.00%	40,000	-	47,063	87,063
5/1/2006	3.00%	40,000	-	45,862	85,862
5/1/2007	3.20%	40,000	-	44,663	84,663
5/1/2008	3.50%	45,000	-	43,382	88,382
5/1/2009	3.65%	45,000	-	41,808	86,808
5/1/2010	3.85%	50,000	-	40,165	90,165
5/1/2011	3.95%	50,000	-	38,240	88,240
5/1/2012	4.05%	55,000	-	36,265	91,265
5/1/2013	4.10%	55,000	-	34,038	89,038
5/1/2014	4.25%	60,000	-	31,782	91,782
5/1/2015	4.35%	65,000	-	29,232	94,232
5/1/2016	4.45%	65,000	-	26,405	91,405
5/1/2017	4.55%	70,000	-	23,513	93,513
5/1/2018	4.65%	75,000	-	20,327	95,327
5/1/2019	4.70%	80,000	-	16,840	96,840
5/1/2020	4.80%	85,000	-	13,080	98,050
5/1/2021	5.00%	90,000	-	9,000	99,000
5/1/2022	5.00%	<u>90,000</u>	<u>-</u>	<u>4,500</u>	<u>94,500</u>
		<u>\$ 1,150,000</u>	<u>\$ 50,000</u>	<u>\$ 638,793</u>	<u>\$ 1,788,793</u>

Purpose:

To defray part of the cost of acquiring and constructing sewage disposal system improvements to serve the Township of Port Sheldon.

Types and Dollar Amount of Bonds:

Current Interest Term Bonds \$ 1,150,000

The Bonds maturing on or after May 1, 2013 are subject to optional redemption beginning May 1, 2012. The bonds have been issued in the name of Ottawa County, however, the payments are the responsibility of both Port Sheldon Township and a local developer based on contractual agreement. The following schedule details the payment responsibility for each party:

PORT SHELDON TOWNSHIP
Ottawa County Payment Schedule
Year Ended March 31, 2004

<u>Year</u>	<u>Developer Portion</u>	<u>Port Sheldon Twp Portion</u>	<u>Total Due</u>
2003	\$ 62,833	\$ 20,739	\$ 83,572
2004	42,875	39,712	82,587
2005	41,500	44,962	86,462
2006	40,125	45,137	85,262
2007	38,750	45,273	84,023
2008	37,375	50,220	87,595
2009	36,000	49,986	85,986
2010	34,625	54,578	89,203
2011	33,250	54,002	87,252
2012	31,875	58,276	90,151
2013	30,500	57,410	87,910
2014	29,125	61,383	90,508
2015	27,750	65,069	92,819
2016	26,375	63,584	89,959
2017	-	91,920	91,920
2018	-	93,584	93,584
2019	-	94,960	94,960
2020	-	96,040	96,040
2021	-	96,750	96,750
2022	-	92,250	92,250
	<u>\$ 512,958</u>	<u>\$ 1,275,835</u>	<u>\$ 1,788,793</u>

The developer portion is collected by Port Sheldon Township through special assessment and remitted to Ottawa County. The Township intends to pay their portion by frontage and trunkage revenue collected as taxpayers connect to the system. The remaining Township payments will be made with General Fund monies.